

Message Text

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C O N F I D E N T I A L CAIRO 9157

EO 11652: GDS

TAGS: TGEN TECH EG

SUBJECT: EGYPTIAN NUCLEAR POWER

REF: STATE 218589

1. UPBEAT NATURE OF EGYPTIAN DISCUSSIONS WITH BURNS AND ROE AND OTHER POTENTIAL CONTRACTORS FOR NUCLEAR POWER PLANT STEMS FROM CONTINUED STRONG EGYPTIAN INTEREST IN CONCLUDING NUCLEAR COOPERATION AGREEMENT WITH UNITED STATES. CONTRACT NEGOTIATIONS ARE BEING HANDLED BY MINISTRY OF ELECTRICITY, WHICH HAS BEEN GIVEN GREEN LIGHT TO PROCEED WITH ALL TECHNICAL ASPECTS OF NUCLEAR PLANT. EGYPTIAN NUCLEAR SCIENTISTS AND ELETRICAL COMMUNITY VIEW CONTRACT NEGOTIATIONS AS SERIOUS. INDEED THERE IS A CERTAIN AMOUNT OF PRESSURE WHICH NUCLEAR AND ELECTRICAL COMMUNITY IS EXERTING ON POLITICAL ELEMENTS BY PROCEEDING WITH THESE NEGOTIATIONS FULL STEAM. ELECTRICITY MIN SULTAN AND UNDERSEC ABAZA FRANKLY HOPE TO FORCE ISSUE BY RAPIDLY COMPLETING THEIR CONTRACT NEGOTIATIONS. AS DEPT KNOWS FROM EMBASSY REPORTING, DICHOTOMY BETWEEN MINISTRY OF ELECTRICITY AND MINISTRY OF FOREIGN AFFAIRS ON THIS SUBJECT HAS EXISTED EVER SINCE FEBRUARY 1974 WHEN POSSIBILITY OF A NUCLEAR COOPERATION AGREEMENT WAS RAISED.

2. ONCE NEGOTIATIONS ARE COMPLETED AND CONTRACTS AWARDED, MINELECTRICITY WILL BE IN A GOOD POSITION TO URGE GOVERNMENT
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TO CONCLUDE COOPERATION AGREEMENT, PERHAPS AT EXPENSE OF

DROPPING SOME OF THEIR CURRENT DEMANDS REGARDING SAFEGUARD AND WASTE PROCESSING CLAUSES. IT WILL THEN BE UP TO US TO MAKE A DECISION AS TO DESIRABILITY OF PROCEEDING WITH COOPERATION AGREEMENT. WHILE NOTHING HAS YET BEEN MENTIONED IN THIS REGARD, IT WOULD SEEM ENTIRELY LIKELY THAT PRES SADAT'S VISIT WILL BE OCCASION TO REVIEW MATTER ONCE AGAIN.

3. IN ALL OF OUR DISCUSSIONS WITH AMERICAN COMPANIES, INCLUDING BURNS AND ROE AND WESTINGHOUSE, WE HAVE MADE IT ABUNDANTLY CLEAR THAT (A) THERE IS AS YET NO COOPERATION AGREEMENT, (B) NEGOTIATIONS ARE PROCEEDING AT PACE SET PRIMARILY BY EGYPTIANS AND (C) WE ARE UNABLE TO SAY WHEN AN AGREEMENT MAY BE CONCLUDED. AS WASHINGTON AWARE, EXISTENCE OF FIRM NUCLEAR FUEL CONTRACT WITH EGYPT MAKES EGYPTIAN PROJECT A PROMISING ONE FROM COMMERCIAL STANDPOINT. WE CAN EXPECT EGYPTIANS TO PROCEED WITH THEIR CONTRACT NEGOTIATIONS PERHAPS ENCOURAGED BY PRIVATE COMPANIES, WHO ARE THEMSELVES AWARE OF UNCERTAIN SITUATION BUT WHO WANT TO TIE EGYPTIANS DOWN FIRST. IT SEEMS TO US IT IS TO NEITHER GOE NOR AMERICAN CONTRACTOR'S ADVANTAGE TO EXUDE ANYTHING BUT POSITIVISM IN THIS REGARD.

4. IN ANTICIPATION OF SUBJECT BEING RAISED DURING SADAT'S VISIT WE WOULD APPRECIATE SOME INDICATION OF CURRENT WASHINGTON THINKING ON THE MATTER.
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